



## Tax Alert

# Increased incidence of late payment penalties imposed by the IRC

**We would like to make you aware of the fact that the prevalence of the Internal Revenue Commission (“IRC”) imposing late payment penalties, especially with regard to Group Tax remittances, has increased markedly in the past few months.**

You may be aware from our previous Tax Alerts that this situation was anticipated, given the progressive implementation this year of the new SIGTAS computer system. We wish to highlight this situation for you and bring the following matters to your attention:

- Penalties are being routinely imposed at a flat rate of 20% of the tax amount paid late, plus in some cases a further per annum penalty on top in proportion to the period of lateness
- The majority of penalties we are seeing relate to Group Tax remittances. We therefore remind you that group tax deducted is due to be remitted to the IRC by the 7<sup>th</sup> day of the following month
- We have also seen penalties applied in respect of late company income tax payments, which include provisional tax, and when GST lodgements come within the SIGTAS system (as expected in the next few months) it is likely late payment penalties for net GST payers may become more of an issue
- Requests for remission of any late payment penalties require a formal submission to IRC, who have advised that these will only be considered in light of genuine and relevant mitigating factors
- For those clients who face difficulty in getting tax lodgements or remittances paid at the IRC Cashiers counter in Port Moresby, or who would like to consider alternatives to that method of payment, we strongly suggest you explore the IRC’s electronic payment (EFT) option. We have

attached their instruction sheet for using this option, and you can also view their website at [www.irc.gov.pg](http://www.irc.gov.pg) for these details

- When you are using or intend to use this EFT option, IRC advise that for greater certainty in identifying your payment it is most helpful if can include a narration with the transfer transaction that contains the details of TIN, tax type and relevant period, in that order.

For any further clarification needed please contact us on **+675 308 7000** or email:

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